



STATE OF WASHINGTON
HEALTH CARE AUTHORITY

626 8th Avenue • P.O. Box 42702 • Olympia, Washington 98504-2702

July 23, 2015

TO: Potential Bidders

FROM: Cyndi Presnell
RFP Coordinator

SUBJECT: **Amendment #11**
Request for Proposal (RFP) #15-002 – Apple Health Foster Care

The purpose of Amendment 11 is to provide responses to questions received from bidders in reference to the supplemental data book released in Amendment #10.

Attached are the responses to questions received and a summary of Foster Care Risk Scores that is being provided as responses to one of the questions we received.

If there are other individuals within your organization working on the RFP response and or data elements, please ensure that they receive this Amendment.

Cost Proposals are due no later than 2:00 p.m. Pacific Time on July 29, 2015.

**RFP #15-002 – Request for Proposal
Apple Health Foster Child**

Questions and Answers/Supplemental Data Book

**Amendment #11
July 23, 2015**

The following questions were received on July 20, 2015 in reference to the Supplemental Data Book released in Amendment #10.

PLEASE NOTE: The Cost Proposal submission deadline is **July 29, 2015 by 2:00 p.m. PDT.**

Question #	Question	Response
1	In the provided cost models in “Foster_Care_Supplemental_Data_Book_20150715” (Tabs “37” through “64”) what is meant by the column “Trended FFS PMPM” (column T). Are these PMPMs for CY2013 or are they indeed trended to a different time period?	The trend period is set to zero for these models, so no trend is applied. These models are CY 2013 experience.
2	Can Milliman/State confirm that the blended rates (and subsequent re-blending of the rates) referenced in the Response to Question 3 in Amendment #10 will take into consideration the proportion of members with significant TPL? Or will the blending/re-blending only take into consideration the split between Foster Care and Adoption Support? (Response to Question 3 does not mention the TPL members as part of the blending process; however, the revised RFP document page 45 references the TPL population in the blending).	Yes, blending will account for proportion of enrolled members with other comparable coverage. That is the purpose of asking plans to bid these rates to be blended.
3	Will Milliman provide a new data book narrative?	Milliman does not intend to produce a new data book narrative, bidders should look to subsequent Q&A responses for changes to the original data book narrative.
4	The pre-loaded CY 13 base data provided in the updated Cost Proposal do not appear to tie back to the original Cost Proposal CY13 base data provided. Can Milliman comment on why the CY13 dollars changed? Is the difference completely attributed to the fact that now Milliman is including the Quality Hospital/Sole Community adjustment?	The difference is due to the inclusion of a Quality Hospital/Sole Community adjustment.

Question #	Question	Response
5	Are Managed Care Foster Care member claims experience now included in the Cost Proposal's CY13 base period PMPMs? Or are the PMPMs listed in the new cost proposal still FFS experience only?	The base costs in the proposal template are only FFS experience.
6	Can Milliman provide additional information regarding how blending percentages of 2.2% and 4.2% for the "With TPL" members was developed?	The blending percentages were computed based on the actual percentage of enrolled "TPL" members in managed care for Foster Care/Alumni and Adoption Support for the period June 2014 – May 2015. Managed care experience is small which is why we will want to update these percentage with actual enrollment, but these have been used as a current benchmark.
7	The revised cost proposal template includes separate bids for members with "significant third party coverage." What is the threshold for third party coverage to be significant? Is there a separate entity that usually makes the third party coverage (Medicaid, private payer, etc.)?	<p>For purposes of these rates there are two types of TPL referenced.</p> <p>The first is TPL that can be collected on members where Medicaid is their primary coverage, but the MCO can collect from another source to offset some costs. These are costs/revenue that are to be entered in cell D33 of the bid template.</p> <p>The second are members who are deemed to have comparable coverage from another source and Medicaid is secondary. It is our understanding that "significant" indicates primary coverage other than Medicaid. This does not include a situation where a member has dental or vision or some other limited benefit. These members are to be transitioned out of managed care. In the current Apple Health programs we find that 1-2% of enrolled members are flagged as having other coverage. We found that the potential for primary coverage is higher for this program and rather than make a prospective assumption regarding those that may be in managed care we presented the information so bidders are informed of the issue and have input into the components that will be blended.</p>
8	Given that there are separate rate bids for third party liability, what is the purpose of the third party liability medical expense offset in cell D33 in each bid template?	See response to question 7.
9	Given that the base period member months remain the same, it would be expected that the total dollars in the base data would remain the same. However, taking each of the new 28 base period member months multiplied by the base period PMPM in the cost proposal template, there is about a 0.43% increase in base data. Could Milliman explain the difference?	The difference is due to the inclusion of a Quality Hospital/Sole Community adjustment.

Question #	Question	Response
10	Tab "36" of the Foster Care Supplemental Data Book gives risk scores by age band. Can Milliman also provide the risk score by age band and gender for age bands 15-18 and 19-34 as was previously done in the original data book? This will allow risk scores to better align with rating cohorts.	See Risk Score Summary attached to Amendment #11 question/answers.
11	Please provide an exact listing of the distinct capitation rate categories that will be paid for the Foster Care program	At implementation, there will be one rate paid for each age/gender band. That rate will be a blend of based on enrolled Foster Care/Alumni and Adoption Support members with and without third party comprehensive coverage.
12	Please provide a description and schedule of the TPL provisions for the populations represented in the RFP. For example, are the third party liabilities fixed dollar or coinsurance determinations?	Each member with third party coverage may have a different benefit design as their primary coverage. We do not have this information to provide.
13	In the databook dated July 15, 2015, many rate cells appear to have material membership and cost PMPM differences between the data shared in the lag triangles and the data shared in the cost template. Please explain why this is the case? For example, please look at Foster Care, non-TPL, age/sex cohort 2.	<p>The issue is related to the method for pulling the data. The original foster care data book cost models were generated from a data extract that included all Medicaid populations for both eligibility and claims.</p> <p>Given the urgency to obtain a broader scope of data and the volume of data included in a full extract, the data presented in the multi-year lag triangles included only members and claims with foster care RAC codes. The analysis of the prior data set allowed for us to evaluate if a member was in their first two months of eligibility by looking at all Medicaid eligibility not just foster care eligibility.</p> <p>The result is that in data presented in the lag triangles a member was included after two months of foster care eligibility and previously they were included after two months of any eligibility.</p> <p>We reviewed the costs aggregate for the members excluded under this methodology and found them to be consistent with those included. We also observe that as we separate the data into further subpopulations the member base decreases and there is more volatility.</p> <p>The result is that the lag data presents higher PMPMs than the cost models which have been appropriately filtered for this two month filter. We do feel that this data is still helpful to the bidder to understand the costs of this program over a broader period of time than is included in the CY 2013 cost models.</p>

Question #	Question	Response
14	Please confirm that adding factors for the Quality and SOLE hospital adjustments in the revised cost model are changes from previous cost models (e.g. Did the previous cost model contain factors for Quality and SOLE)?	The difference is due to the inclusion of a Quality Hospital/Sole Community adjustment. The cost models did not previously include these adjustments.
15	Please quantify what factors were used to incorporate the Quality and SOLE hospital adjustments?	<ol style="list-style-type: none"> 1. Effective July 1, 2014 qualifying hospitals receive a Quality Incentive Payment implemented as a 1% increase in rates for inpatient hospital services. 2. Effective January 1, 2015 qualifying Sole Community Hospitals receive a 25% increase in their rates for all outpatient services non-CPE inpatient hospitals. <p>The facilities that received these adjustments are included in an excel file 'Attachment G 20150618' that was released in RFP Amendment #5.</p>
16	Please explain, in detail, how the membership mix rebalancing will work with a numerical example?	For each age/gender cohort there are effectively 4 populations, after the enrollment is settled. We will blend the rates submitted by the winning bidder based on the distribution of the actual enrollment. For example the rate cell bids are Foster Care/Alumni (non TPL) \$200, Foster Care/Alumni (TPL) \$50, Adoption Support (non TPL) \$100 and Adoption Support (TPL) \$50. The actual enrollment is 56%, 1%, 41%, 2% respectively the paid rate for that cohort is $\$200 \times .56 + \$50 \times .01 + \$100 \times .41 + \$50 \times .02 = \$241.58$
17	In the answer to Q3 in amendment 10, the state says that the paid rate will be recalculated if the membership mix shifts by more than 1%. Is the 1% threshold based upon the number of members or a cost threshold based upon the winning bidder's actual mix of membership and bid rate?	The rebinding of rates is based on a change in the member mix, not based on a cost change.
18	Can the state please clarify if the membership will be rebalanced in each rate cell based upon two variables (Foster Care/Adoption Support) or four variables (Foster Care/Adoption Support & TPL/non-TPL)?	Four variables (Foster Care/Adoption Support & TPL/non-TPL).
19	Since the MCOs can do little to influence Opt-out and TPL status, we request the state consider re-blending the rates retroactively based upon actual enrollment.	That is what is proposed with adjustments to the blend as necessary.
20	Was data in any of the 28 rate cells adjusted for credibility?	No. We recognize that some cells do not have a credible member basis and will allow for adjustments as the bidders deem necessary in their bids.
21	In the previous Cost Model data provided by the State (attachment D), please confirm that the data in this cost template is net of managed care TPL.	The prior cost model (Attachment D) is net of any third part collections and only includes costs incurred by the MCOs, but it is not excluding the 'TPL' members who have primary coverage other than Medicaid. Those members

Question #	Question	Response
		are included and we have provided the penetration level of those members in managed care currently (2.2% for Foster Care and 4.2% for Adoption Support)
22	In the file 'Cost_Proposal_Template_20150715', column I of the rate cohort sheets is labeled "CY15-16 Final Base Medical PMPM" where it was previously labeled "Contract Period Proposed Base Medical PMPM" with a footnote confirming the contract period of 10/1/15 – 9/30/17. Please confirm the label in the 20150715 template is simply a typographical error and that the intent is still to reflect the proposal Contract Period Base Medical PMPM as with the prior cost proposal templates.	Yes these is a typo in the label and it should reference the period 10/1/15 – 9/30/17.
23	Section 6.4.1.3 was added to Amendment #10 stating "Proposals will include a bid by population, where the Former Foster Care Youth are combined with the Foster Care population. In addition members with significant third party coverage (designated as TPL in the bid template) are excluded from managed care, but the process to exclude them is generally lagged and so some members with third party coverage will likely always be a part of the covered population." In the file 'Cost_Proposal_Template_20150715', a new column was added, column H "Assumed Managed Care Third Party Coverage", which contains cells highlighted in blue showing 2.2% for the Foster Children/Alumni cohorts and 4.2% for the Adoption Support cohorts. Please confirm that bidders are supposed to use these cells to estimate the percentage of members who have Third Party Coverage that will be covered by managed care due to the "lagged" process of excluding them from managed care.	The bidders do not need to estimate the percentage of enrolled members with comprehensive coverage other than Medicaid. Those will be adjusted after actual enrollment.
24	The answer to question #3 in Amendment #10 states that "The paid rate at implementation will be based on the blend of members in the two cohorts (Foster Care and Foster Care alumni will be combined as age/gender addresses these differences) by age/gender band. If there is a mix shift of more than +/- 1% in future months then a re-blending of bid rates will take place the following quarter." Similarly, since bidders are now being asked to make an assumption for the percentage of members with third party coverage who will be covered by managed care, will the rates be re-blended if there is a shift of more than +/- 1% from the rates of the current, but significantly smaller, managed care population?	The bidders do not need to estimate the percentage of enrolled members with comprehensive coverage other than Medicaid. Those will be adjusted after actual enrollment.
25	Section 6.4.1.2 has been revised to include an additional bullet stating that "The FFS cost models and data feeding into the proposal templates EXCLUDE SNAF and INCLUDES both the Quality Hospital and Sole Community adjustments applied as	Given the turnaround time to provide additional data book information, the current FFS data which is the starting base for the bid template now includes the Quality and Sole Community adjustments. Those adjustments were

Question #	Question	Response
	previously described by Milliman.” However, this seems to contradict the response given to Item #9 from the document called ‘Pre-Bid Rate Conference QnA – RFP Adm_5’. Specifically, the bidder’s question was “We have no visibility to the calculation or application of either the SOLE or Quality adjustment... we request that Milliman provide the factor for each adjustment for Foster Care”. The response to Item # 9 was “We have not made any adjustment for these fee changes.” Therefore, please clarify whether the CY13 incurred data feeding into the cost models and proposal template has or has not been adjusted for the Quality and Sole adjustments.	<p>already applied in the Milliman models where the four subpopulations were identified.</p> <p>The inconsistency in the response is because that response applies to a different data set.</p> <p>The CY13 incurred data feeding into the cost models and proposal template have been adjusted for the Quality and Sole Community hospital fee schedule changes.</p>

Washington State Medicaid
Foster Care Rate Development
Summary of Foster Care Risk Scores¹

TPL Members Only

Average Risk Score

Age_Band	Gender	Fee-For-Service		Managed Care		Composite	
		Foster Care	Adoption Support	Foster Care	Adoption Support	Foster Care	Adoption Support
0-1	F	1.72	n/a	n/a	n/a	1.72	n/a
1-2	F	3.67	3.58	n/a	n/a	3.67	3.58
3-14	F	0.85	0.81	0.48	0.70	0.84	0.81
15-18	F	1.93	0.97	n/a	5.59	1.93	0.99
19-34	F	0.63	1.01	n/a	n/a	0.63	1.01
0-1	M	n/a	0.99	n/a	n/a	n/a	0.99
1-2	M	2.81	1.20	0.32	0.32	2.71	1.18
3-14	M	2.33	1.03	1.42	0.90	2.30	1.03
15-18	M	2.69	1.19	0.35	1.59	2.66	1.20
19-34	M	1.07	0.91	1.90	n/a	1.09	0.91
*	*	1.85	0.98	1.01	1.11	1.83	0.98

Non-TPL Members Only

Age_Band	Gender	Fee-For-Service		Managed Care		Composite	
		Foster Care	Adoption Support	Foster Care	Adoption Support	Foster Care	Adoption Support
0-1	F	3.61	n/a	2.86	n/a	3.57	n/a
1-2	F	2.54	2.67	0.96	0.32	2.52	2.62
3-14	F	1.63	1.27	1.85	0.88	1.63	1.23
15-18	F	2.25	1.63	2.92	1.45	2.27	1.62
19-34	F	1.11	1.76	1.01	2.50	1.10	1.77
0-1	M	4.00	38.77	2.21	n/a	3.93	38.77
1-2	M	3.60	2.84	6.53	1.20	3.68	2.76
3-14	M	2.00	1.59	1.40	1.22	1.99	1.56
15-18	M	2.34	1.42	2.70	2.03	2.35	1.47
19-34	M	0.71	1.00	0.81	1.04	0.71	1.00
*	*	2.10	1.50	2.17	1.17	2.10	1.47

TPL and Non-TPL Members

Age_Band	Gender	Fee-For-Service		Managed Care		Composite	
		Foster Care	Adoption Support	Foster Care	Adoption Support	Foster Care	Adoption Support
0-1	F	3.53	n/a	2.86	n/a	3.50	n/a
1-2	F	2.58	2.85	0.96	0.32	2.56	2.81
3-14	F	1.57	1.09	1.76	0.86	1.58	1.08
15-18	F	2.22	1.36	2.92	1.65	2.23	1.37
19-34	F	1.06	1.49	1.01	2.50	1.05	1.51
0-1	M	4.00	26.17	2.21	n/a	3.93	26.17
1-2	M	3.57	2.38	6.09	1.09	3.63	2.32
3-14	M	2.03	1.39	1.40	1.20	2.01	1.37
15-18	M	2.38	1.34	2.57	2.01	2.38	1.37
19-34	M	0.76	0.97	0.95	1.04	0.76	0.97
*	*	2.08	1.31	2.10	1.17	2.08	1.30

1. Limited to members with greater than 6 months of exposure.

Scored Members

Age_Band	Gender	Fee-For-Service		Managed Care		Composite	
		Foster Care	Adoption Support	Foster Care	Adoption Support	Foster Care	Adoption Support
0-1	F	4	-	-	-	4	-
1-2	F	17	33	-	-	17	33
3-14	F	128	1,879	3	25	131	1,904
15-18	F	78	597	-	3	78	600
19-34	F	32	25	-	-	32	25
0-1	M	-	1	-	-	-	1
1-2	M	24	52	1	1	25	53
3-14	M	150	1,914	5	21	155	1,935
15-18	M	81	561	1	4	82	565
19-34	M	42	23	1	-	43	23
*	*	556	5,085	11	54	567	5,139

Age_Band	Gender	Fee-For-Service		Managed Care		Composite	
		Foster Care	Adoption Support	Foster Care	Adoption Support	Foster Care	Adoption Support
0-1	F	89	-	5	-	94	-
1-2	F	458	132	6	3	464	135
3-14	F	1,630	3,150	46	343	1,676	3,493
15-18	F	677	868	17	60	694	928
19-34	F	259	45	11	1	270	46
0-1	M	103	2	4	-	107	2
1-2	M	506	131	13	7	519	138
3-14	M	1,832	3,253	48	341	1,880	3,594
15-18	M	691	919	16	81	707	1,000
19-34	M	276	47	7	1	283	48
*	*	6,521	8,547	173	837	6,694	9,384

Age_Band	Gender	Fee-For-Service		Managed Care		Composite	
		Foster Care	Adoption Support	Foster Care	Adoption Support	Foster Care	Adoption Support
0-1	F	93	-	5	-	98	-
1-2	F	475	165	6	3	481	168
3-14	F	1,758	5,029	49	368	1,807	5,397
15-18	F	755	1,465	17	63	772	1,528
19-34	F	291	70	11	1	302	71
0-1	M	103	3	4	-	107	3
1-2	M	530	183	14	8	544	191
3-14	M	1,982	5,167	53	362	2,035	5,529
15-18	M	772	1,480	17	85	789	1,565
19-34	M	318	70	8	1	326	71
*	*	7,077	13,632	184	891	7,261	14,523